
SECTION OF FOREIGN MARKETS.

BY

FRANK H. HITCHCOCK,
Chief.

REPRINT FROM YEARBOOK OF DEPARTMENT OF AGRICULTURE FOR 1897.

WORK OF THE DEPARTMENT FOR THE FARMER.

The papers in the Yearbook under the above heading were prepared by special direction of the Secretary of Agriculture in accordance with the instructions contained in the following letter, a copy of which was addressed to the chiefs of the various bureaus, divisions, and offices, "outside of those that are purely administrative:"

U. S. DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C., September 18, 1897.

SIR: It is my desire that, in addition to such other suitable articles as may be necessary, the forthcoming Yearbook, 1897, should contain an article from each chief of bureau, division, and office outside of those that are purely administrative, which shall set forth in plain terms the relation of the work of his bureau, division, or office to the farmer. The existence of the Department is justified precisely so far as it aids the farmer to be a successful farmer, and my desire is that the article called for should present clearly to the reader just how the division of the work in your charge achieves that purpose. Let it be such a paper as you would prepare to present to a body of farmers of average intelligence, or before a committee of Congress inquiring into the purpose, character, and practical utility of your work.

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Very respectfully,

JAMES WILSON, *Secretary.*

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CONTENTS.

	Page.
Introduction	270
Our dependence upon foreign markets	270
Increasing competition	270
Agrarian opposition to our farm products	271
Failure of our producers to study foreign wants	271
The British bacon market	272
Importance of studying foreign requirements	272
Subjects investigated	273
Information disseminated	273
Sources of information	273
Consular reports	274
Need of special agents abroad	274
Agricultural attachés	274
Foreign crop reports	275
Practical results of the work	276
Our exports of butter	276
American horses abroad	277
A foreign market for American corn	277
Conclusion	278

[Reprint from Yearbook of Department of Agriculture for 1897.]

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INTRODUCTION.

Agricultural productiveness in the United States far exceeds the consuming capacity of our population. After domestic requirements have been amply supplied there remains each year a vast surplus of farm produce that must either be disposed of abroad or become a burden upon the home market. The slightest excess of supply over demand leads to a depression of prices, and when the excess is large, as frequently happens in this country, there is always danger of a serious decline in values and consequent loss to the producer. In order to prevent the glutting of our own market and its attendant evils, the surplus production of American agriculture must be shipped to other countries. The extension of our export trade in agricultural commodities is therefore a matter of the highest moment to the farming community. For the purpose of aiding in this important object the Department of Agriculture has established the Section of Foreign Markets.

OUR DEPENDENCE UPON FOREIGN MARKETS.

The extent to which we have become dependent upon foreign markets for the disposal of our surplus products of the farm is shown by the fact that during the past fiscal year (1897) our agricultural exports amounted in value to \$689,755,193. This enormous sum, comprising fully two-thirds of the total value of all exports, represents a branch of our foreign trade that is well worth fostering.

INCREASING COMPETITION.

In the earlier stages of our agricultural development we found it comparatively easy to market our farm products abroad. The wonderful agricultural resources of the country, far surpassing those of the older European nations, gave us a ready mastery of the situation.

There were no competitors formidable enough to endanger our control of the trade. But the situation to-day is changed. Powerful rivals now confront us in our contest for the world's markets. The fertile grain fields of Russia and of Argentina offer their abundant product to the importing nations of Europe at prices we find it difficult to meet. The marvelous agricultural possibilities of Australasia are becoming more fully recognized as with each succeeding year still larger quantities of produce from that distant country are placed upon the European market. Our neighbor Canada has also made astonishing progress in some directions, and is now one of our most successful competitors in supplying meats and dairy products to the British people. Even the older countries of Europe show in some instances a surprising development in certain lines of agricultural production, as, for instance, the rapidly increasing output of butter in Denmark. From such changes as these a much fiercer struggle among the competing countries has resulted, and if in the face of this stronger competition we are to maintain our supremacy in the world's markets, it will require on the part of our exporters a more determined and persistent effort than has hitherto been necessary.

AGRARIAN OPPOSITION TO OUR FARM PRODUCTS.

In addition to the growing competition we are compelled to meet because of recent agricultural development in other parts of the world, we now find a serious obstacle confronting us in the active hostility that is being exhibited toward our agricultural products by the agrarian population of certain European countries where we formerly possessed a profitable market. Yielding to the pressure brought to bear by the agrarian classes, who see in the successful competition of American products a dangerous menace to their own interests, the governments of these countries have in several instances sought to limit importation from the United States by the imposition of unwarranted restrictions. These unfair acts of discrimination, together with certain criticisms of our products that appear also to have emanated from the agrarians, have had a tendency in some countries to create an unfounded prejudice against the character of American goods in general, and this prejudice it has been very difficult to overcome.

FAILURE OF OUR PRODUCERS TO STUDY FOREIGN WANTS.

Another impediment to the extension of our export trade is the failure on the part of our producers to give sufficient attention to the peculiarities of taste that often prevail in the foreign markets they are attempting to supply. A notable example of this is found in the character of the bacon we send to the United Kingdom.

THE BRITISH BACON MARKET.

To supply the present demand of the British market requires the importation of more than 500,000,000 pounds of bacon a year. This bacon is procured almost entirely from three countries, the United States, Denmark, and Canada. Although the United States is still the chief source of supply, the quantity purchased from this country is decidedly smaller than it was five or six years ago. On the other hand, the British have greatly increased their importations of Danish and Canadian bacon. An inquiry into the reason for this change in the course of trade discloses the fact that our bacon is not so well adapted to the requirements of the British market as is that imported from Denmark and Canada. The article produced in the United States is chiefly corn-fed bacon, and although regarded with high favor in our own markets, it carries altogether too much fat to suit the taste of the English consumer. Denmark and Canada furnish a much leaner grade of bacon. Their producers have studied the peculiar wants of the British market, and with such success that they are already making important inroads upon our trade. The Danish and Canadian brands of bacon are regarded in Great Britain as being so far superior to ours that the price paid for them is several cents a pound higher. As we send annually to the British market more than 300,000,000 pounds of this product, the loss of only a few cents in the price per pound makes an enormous difference in the profits of the trade. It will therefore be to the interest of our producers, in providing bacon for the British trade, to give more attention to the peculiar wants of the people to be supplied, for in this way only can a profitable development of our export business be accomplished.

IMPORTANCE OF STUDYING FOREIGN REQUIREMENTS.

These facts relative to our export trade in bacon show how important it is for our exporters to familiarize themselves with the exact requirements of the markets sought. In the face of the keener competition that is now being waged by the great producing countries, this policy becomes all the more essential. Not only must the goods offered be of the highest grade and quality, but they must also be adapted in every particular of style and flavor to the peculiar taste or fancy of the desired purchaser. Even the nature of the receptacle or covering in which the goods are sold, the size and shape of the package, must be regarded. These minor requirements of the trade differ materially in different countries. The style of package that is popular in one quarter may prove to be a decided disadvantage in another. Only recently our exporters discovered that one of the reasons why American butter did not find a readier sale in England was because it has been the practice to ship it in round tubs, such as are commonly used for packing the article in the United States,

whereas the customs of the British market make a square package more desirable. In order to compete successfully in the butter markets of the United Kingdom, therefore, American exporters find it almost as essential to regard this preference for a square package as it is to satisfy the British taste in respect to the color and flavor of the article itself.

Upon the careful observance of such matters of taste and custom as are illustrated by these references to our foreign trade in bacon and butter depends very largely our future success in competing with other nations for the world's markets. In this contest for trade the first requisite is a thorough knowledge of the conditions to be met. To assist in supplying such a knowledge is the object of the Section of Foreign Markets.

SUBJECTS INVESTIGATED.

With this end in view the agricultural resources of foreign countries are carefully investigated. It is important, first of all, to learn what these countries produce from their own soil and how far their products meet the requirements of their population, the purpose being to determine the extent to which they are likely to become dependent upon outside sources for their supply. Special attention is given to the character of each country's import trade. The nature, extent, and source of the imported commodities are examined, to ascertain what possibility there is for successful competition on the part of our own producers. At the same time the export trade of the United States is closely watched. Every significant change in the quantity of a product marketed abroad is noted. In cases of declining trade the cause is inquired into and a remedy sought, while evidences of growth in any direction are studied with the hope of promoting still further expansion.

INFORMATION DISSEMINATED.

The results of these investigations, supplemented by practical information regarding transportation facilities, customs duties and regulations, equivalents of foreign money, weights and measures, rates of exchange, etc., are given to the public in the form of bulletins and circulars. Much information is also disseminated in response to inquiries that come through the mails. The large number of such inquiries received and the numerous requests that are made for the publications of the section show that our farmers are beginning to recognize more fully the importance of a foreign market.

SOURCES OF INFORMATION.

In the work of gathering facts regarding commercial opportunities abroad much valuable information is derived from the official returns of international trade published by the several countries, and also

from the reports issued by foreign agricultural bureaus. In addition to these important official documents, various unofficial publications, such as the reports of boards of trade, chambers of commerce, agricultural societies, and similar organizations, as well as all other available sources of published information, are utilized.

CONSULAR REPORTS.

Through the courtesy of the State Department the Section of Foreign Markets has also been enabled to avail itself to some extent of the services of the United States consular officers stationed abroad. The promotion of our commercial interests is the most important duty of these officials, and they possess exceptional opportunities for this work. Residence at the place of investigation naturally brings them into close touch with the trade situation and gives them every facility for ascertaining the possibilities of the market. With the intimate knowledge of local conditions thus acquired, they are able to render great assistance to our exporters. The reports they have furnished the section, in response to circular letters of inquiry regarding opportunities for the disposal of American products in their respective districts, have contained much timely information. This information has been published in the bulletins of the section and has added much to their practical value.

NEED OF SPECIAL AGENTS ABROAD.

While the Section of Foreign Markets has received much valuable assistance through the cooperation of United States consuls, these officials have important duties in other directions, and the extent to which they can be called upon to furnish information for the use of the Department of Agriculture is necessarily limited. The work would be greatly facilitated, therefore, by the employment of special agents to carry on certain lines of investigation abroad. For the purposes desired, special agents of the Department would have a great advantage over our consular officials in being able to devote their attention exclusively to this branch of inquiry, and also in the important fact that they could travel from place to place, whereas our consuls must necessarily confine their investigations very largely to the district in which they are stationed. The work of special agents abroad, if properly directed, could undoubtedly be made to yield results of great value.

AGRICULTURAL ATTACHÉS.

The recommendations elsewhere made by the Secretary of Agriculture in regard to the appointment in certain countries of agricultural experts as attachés to our embassies and legations justify the con-

sideration here of the various ways in which such representatives could further the work of this section. Under such an appointment, the representative charged with the sole duty of looking after the interests of American agriculture in the country to which he is accredited would be capable of rendering important services to our agriculturists. Residing at the seat of government, he would have an excellent opportunity to watch the course of legislation there and to keep our Government informed regarding all measures likely to affect the agricultural interests of the United States, as, for instance, changes in tariff rates or restrictions of any kind placed on the importation of American goods. He would also be in a favorable position to investigate certain complaints against our products and to determine whether or not they are well founded, a service that is sorely needed in some lines of trade. In this and various other ways he could be of great service to the American producer.

FOREIGN CROP REPORTS.

One of the important duties that could be required of an agricultural attaché would be to keep our farmers regularly informed as to crop and market conditions abroad. Modern transportation facilities have so closely united all countries that the prices of the leading products of agriculture are practically uniform throughout the world. It is the relation of the world's supply to the world's demand that determines the value. The price of wheat established at Liverpool on the basis of the world's production and requirements fixes the price of that grain in the markets of the United States and other countries. It is therefore a matter of no little importance to our farmers, for guidance in the sale of their own products, to have prompt and reliable information as to the crops of other nations. Information on this subject can be obtained most readily at the capitals of the several countries, for it is there that the national crop reporting service is almost invariably centered. Our embassies and legations have from time to time reported in reference to crop prospects abroad, but not with sufficient regularity or promptness to make the information particularly useful. If each embassy or legation had a special attaché whose exclusive duty it should be to furnish our Government with all available information regarding the agricultural situation in that country, it would doubtless lead to a much more efficient service in this important matter.

With the additional information that could be furnished along these lines by agricultural attachés stationed at foreign capitals, and by an intelligent corps of special agents carrying on investigations abroad, it is believed that the work of extending our agricultural export trade, in which the Section of Foreign Markets is so actively interested, could be rendered far more effectual.

PRACTICAL RESULTS OF THE WORK.

To illustrate the value of the information that is being collected regarding opportunities for the extension of our export trade in farm products, and the practical work that is being accomplished as a result of such investigations, a brief review of what the Department of Agriculture is doing to increase our exports of butter may be of interest.

OUR EXPORTS OF BUTTER.

The United Kingdom is the principal butter market of the world. During the calendar year 1897, according to the British trade statistics, the total importations reached the enormous aggregate of 360,393,712 pounds, valued at \$77,459,647. Of this amount, less than 5 per cent came from the United States. The chief source of the British supply has been Denmark. Of the butter imported during 1897, fully 40 per cent was of Danish origin. About 14 per cent was furnished by France, 9 per cent by Sweden, and 8 per cent by the Netherlands. While it is true that these European countries are all more conveniently situated as regards proximity to the British market than is the United States, the modern system of transporting butter under refrigeration renders this an advantage of little importance, and it should be easily offset by the superiority of our agricultural resources. The failure of the United States to compete more successfully in the British butter trade can no longer be attributed to remoteness from the market. Even far away Victoria, four weeks distant by steamer from Liverpool, sends more butter to the United Kingdom than we do. The British import trade in Australian butter has sprung up almost entirely within the past decade, and now each succeeding year sees its further development. Similarly, there has been a rapid increase during the last few years in the importations into the United Kingdom of Canadian butter.

In view of the important gains that were thus being made by our competitors in the British market, coupled with the fact that a surplus production of butter in the United States threatened to overstock our own markets and depress prices, the Department decided to take active measures for the extension of our export trade. The chief obstacle to be overcome in the accomplishment of this purpose was the impression prevalent among foreign buyers that United States butter is as a rule inferior to that furnished by other countries. This impression had resulted from the fact that in past years it was a common practice to send abroad only our lower grades, whereas the British consumer generally requires the very best obtainable. In order to refute this unfavorable opinion of our butter and convince the foreign purchaser of its superior quality, the plan of making experimental shipments of our best grades to the British market has been put into operation. These shipments, made under the direction

of the dairy division, consist of selected lots of the finest American creamery butters, prepared with special reference to the requirements of the foreign consumer. Thus far they have been consigned to the London market, where they are disposed of under the supervision of a representative of the Department, who sees that each package is plainly labeled and advertised in order to show its United States origin. In this way it is hoped to remove the prejudices that have existed abroad in regard to our butter and to prove to the satisfaction of the British importer that the best grades produced in the United States compare favorably with the finest received from other countries. When this reputation for our butter is once fairly established in England the disposal of our surplus product in the British market will be a matter of little difficulty.

AMERICAN HORSES ABROAD.

Another product of American agriculture for which the Department is striving to create a wider foreign market is the horse. Germany, the United Kingdom, France, and Belgium are the leading importers of this animal. The number imported by these four countries during the calendar year 1896 amounted to 210,323, valued at \$33,119,125. Of this number, only 24,813, valued at \$3,717,748, were purchased from the United States. In other words, our farms and ranches, although surpassing those of any other nation in their advantages for the raising of horses, supply the principal markets of Europe with barely more than one-tenth of their requirements. The opportunity for increasing our exportation of horses is a most promising one, and as our own horse market is frequently in a sadly overstocked condition, every effort should be made to take advantage of the opportunity. With this purpose in view, the Department has instituted an investigation regarding the exact requirements of the principal European horse markets. Every effort is being made to gather accurate information as to the styles in draft and road horses preferred at each market, and also as to the kind of horses required by the several European governments for army purposes. With information of this nature at our command the exportation of horses from the United States can be more intelligently and more successfully conducted.

A FOREIGN MARKET FOR AMERICAN CORN.

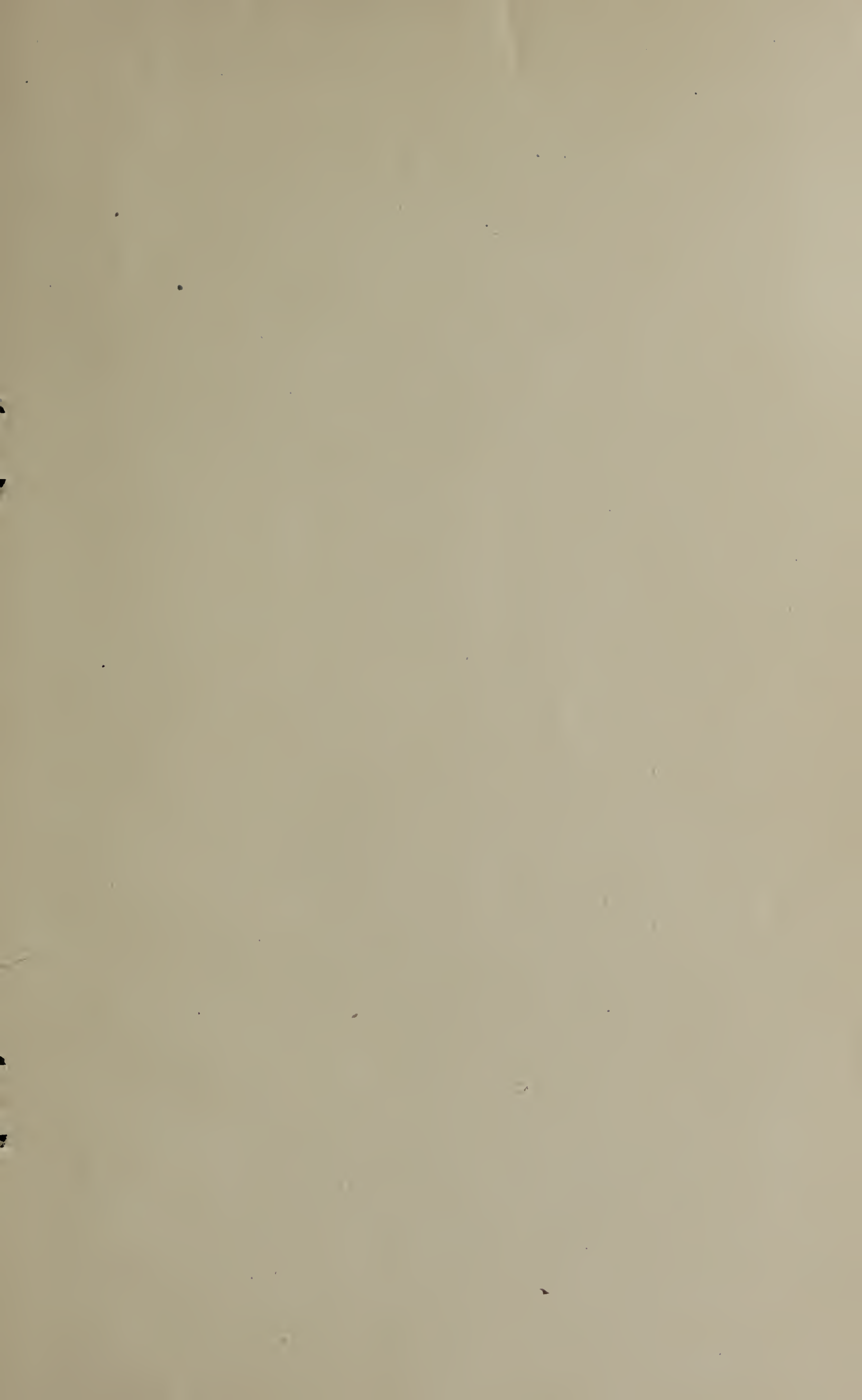
The movement that has recently been set on foot by American producers to extend the use of our Indian corn, or maize, in foreign countries is also receiving the active cooperation of the Department of Agriculture. This leading cereal crop of the United States is produced so abundantly by our farmers that its disposal at a profitable price in seasons of plentiful harvest is extremely difficult. As a

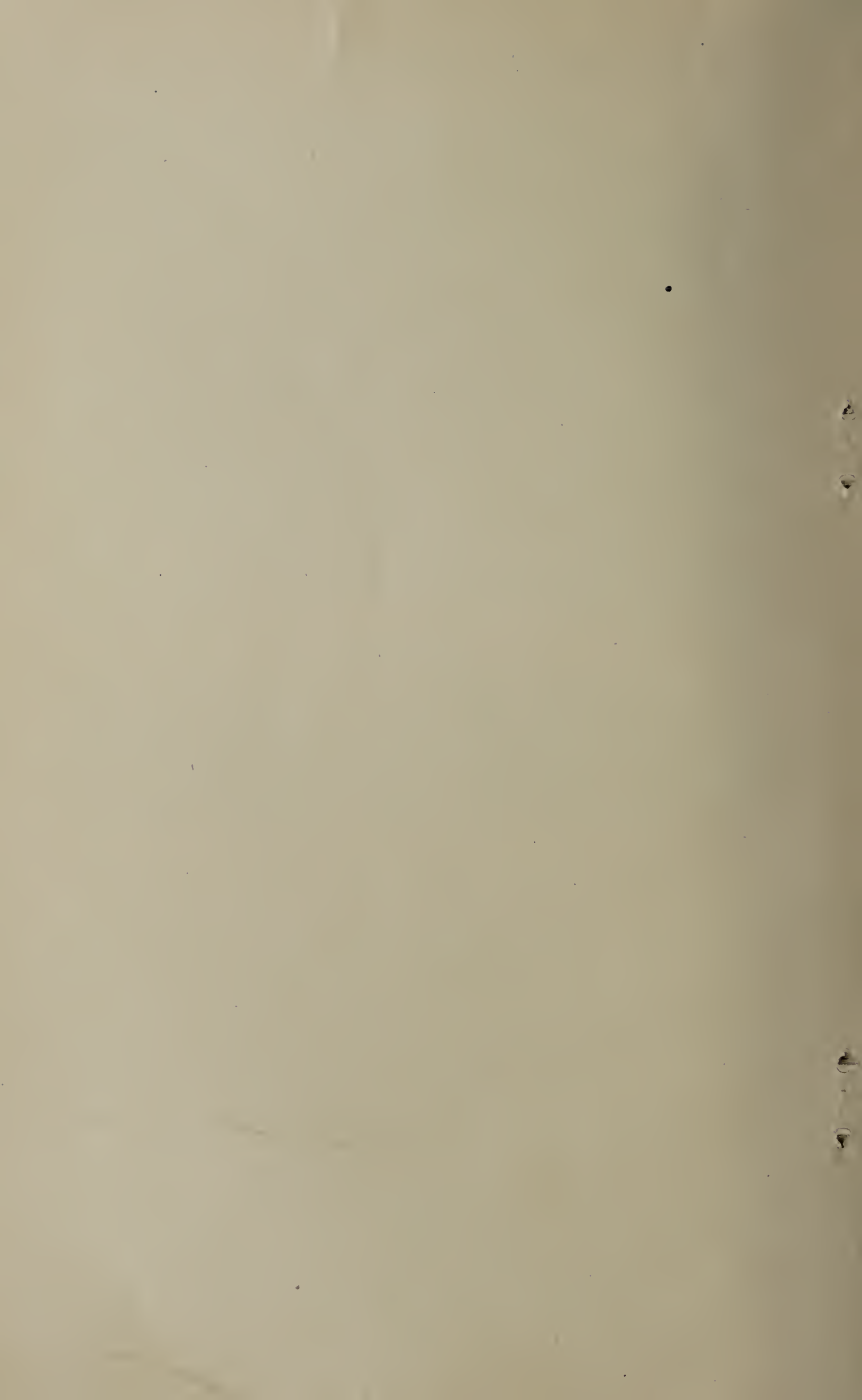
result of our surplus production, corn has at times been used quite extensively for fuel in some portions of the West. To relieve the overstocked condition of our own markets it is necessary to send more corn abroad. Less than 10 per cent of our total product is at present marketed in foreign countries, and as we produce on the average about four-fifths of the world's crop, the field for the development of our export trade is almost unlimited. If a sufficient foreign demand can be created to dispose of our surplus product the value of this important cereal will be materially enhanced. As our average crop amounts to about 2,000,000,000 bushels, every cent that can be added to the price of corn by creating a larger demand abroad will mean an increased profit to the American farmer of \$20,000,000. The only feasible plan to bring about a larger demand for American corn in foreign countries seems to be a more general introduction of this grain as an article of human food. The Department has accordingly inaugurated a special inquiry to ascertain what are the possibilities in this direction. The results of this investigation will be published in the near future, and it is believed that the information thus disseminated will be of material assistance in this important undertaking.

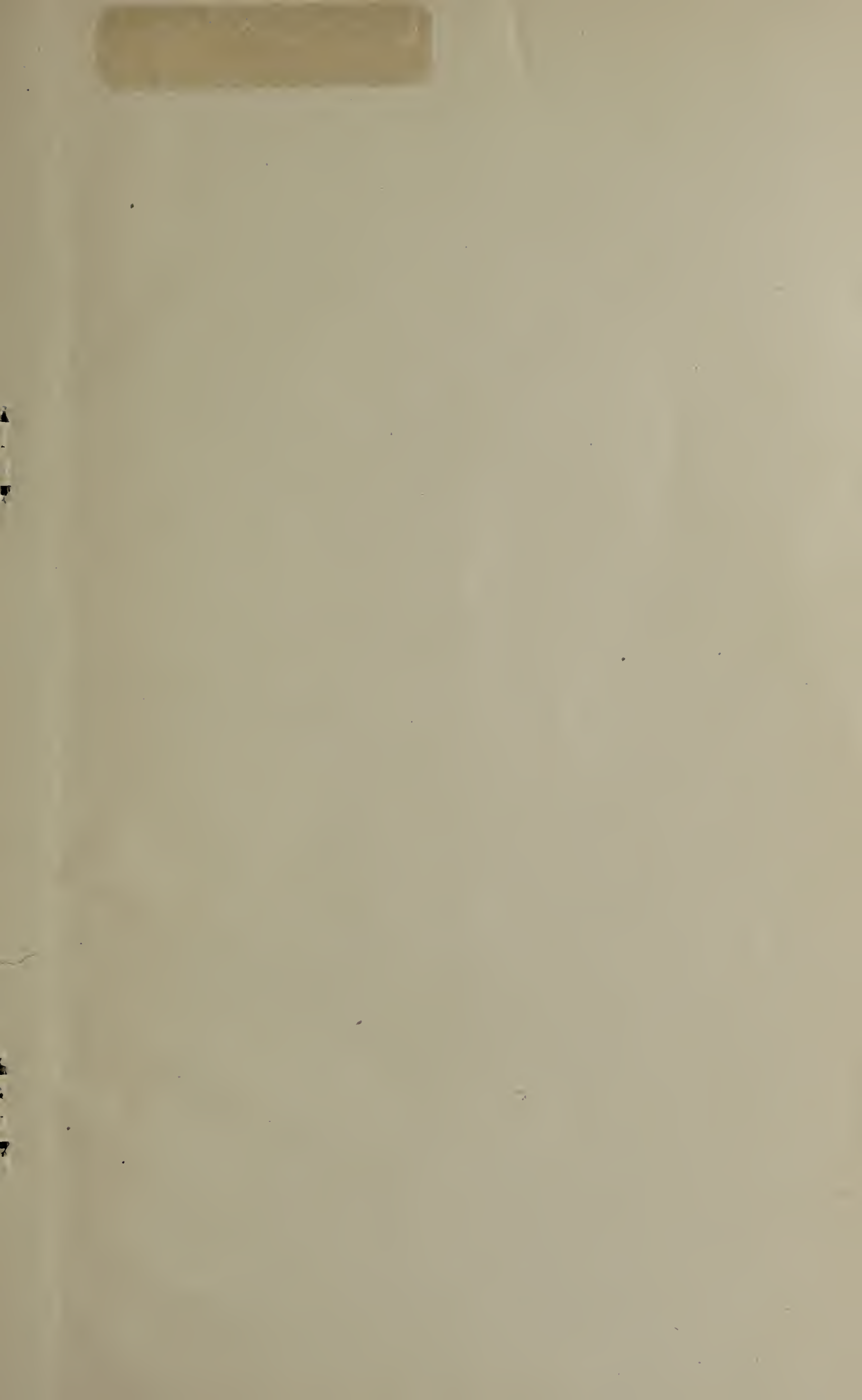
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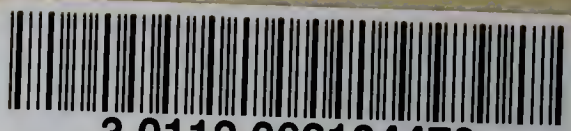
These brief references to the efforts that are being made by the Department of Agriculture to increase the exportation of American butter, American horses, and American corn will suffice to indicate the great possibilities of the line of work in which the Section of Foreign Markets is engaged and its practical utility to the farmer.











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